



Expanding Housing Choices

June 6, 2018

Joint City County Planning Committee

Overview

- Evidence and impacts of a housing shortage
- Potential causes of housing shortage
- Growth strategies and growing pains
- Expanding Housing Choices project introduction



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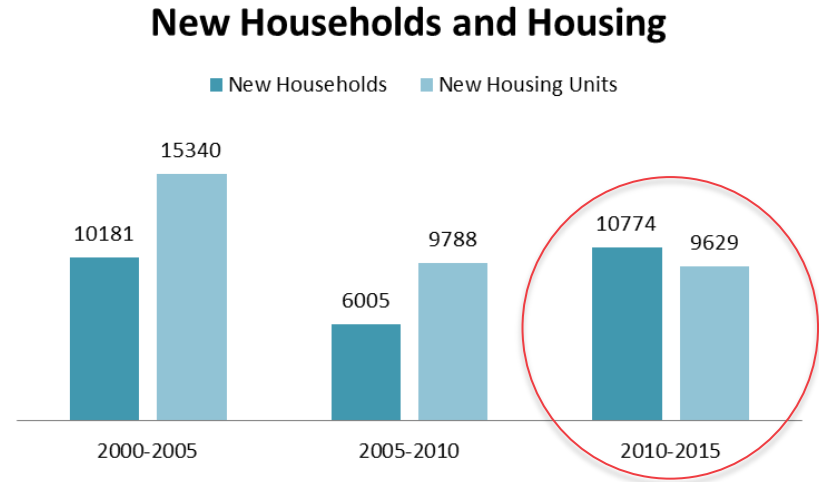
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Evidence of a housing shortage

Between 2010-2015, the number of households grew more than the number of new housing units.



Source: US Census, American Community Survey



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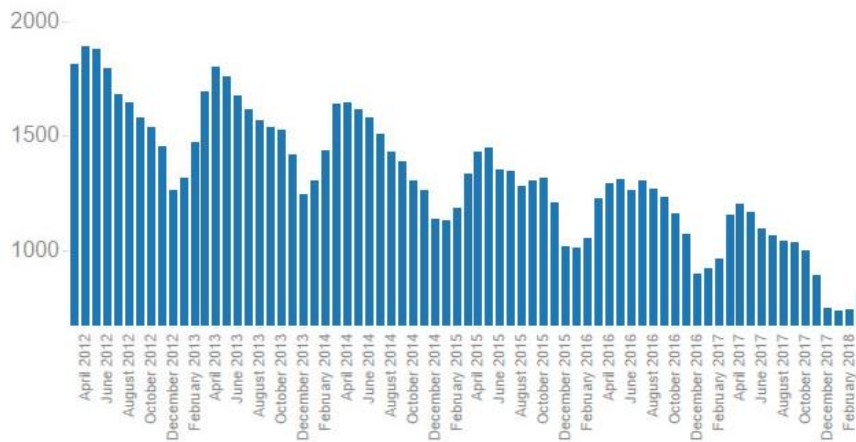


Evidence of a housing shortage

Increasingly fewer homes are on the market

814 homes listed for sale

All Homes for Sale



REDFIN



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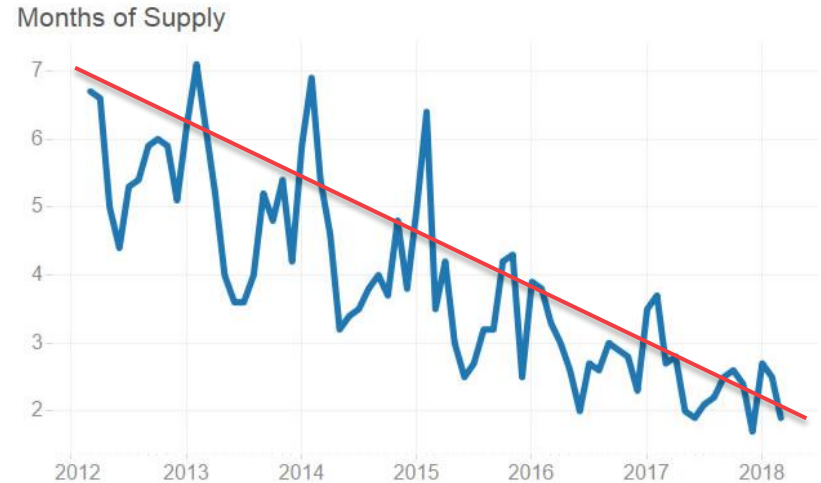
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Evidence of a housing shortage

Industry experts estimate only 1.9 months of supply in Durham market



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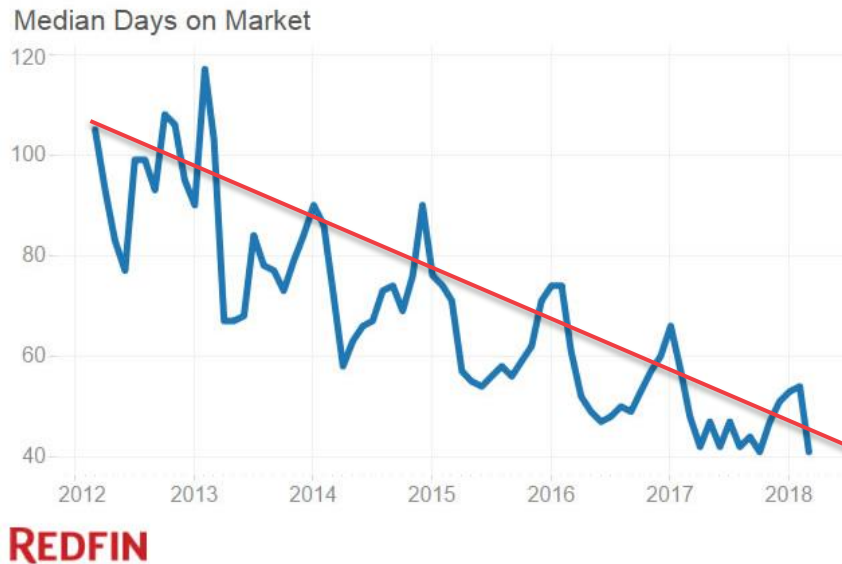
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The shortage of housing has had an impact on price

Homes are selling more quickly
Median of 41 days on the market



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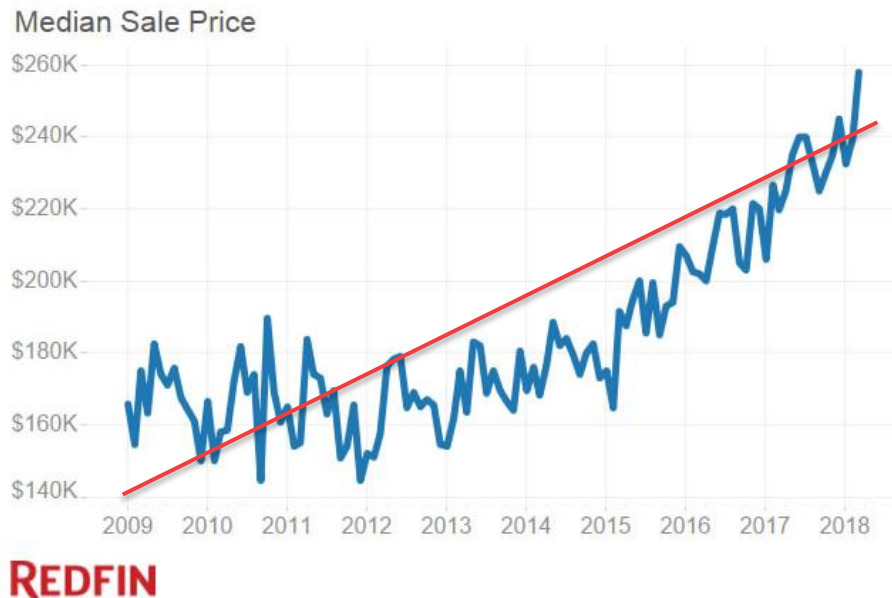
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The shortage of housing has had an impact on price

- Homes are getting more expensive
- \$258,000 - median sale price in March 2018
- Up from \$168,000 five years ago (March 2013)



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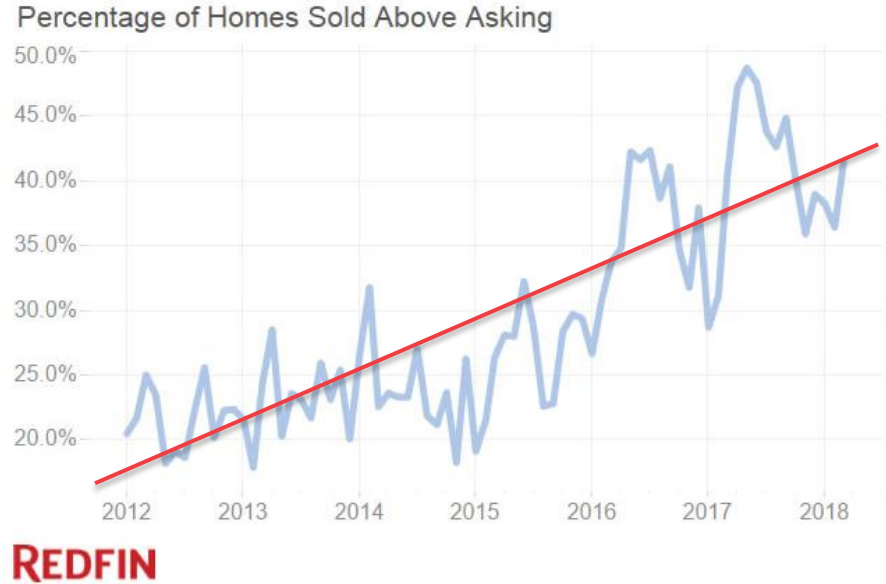
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The shortage of housing has had an impact on price

Increasingly, homes are sold above the asking price



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Affordability has been impacted by the housing shortage

“BIG A”

Subsidized, meets HUD definitions; monitored and tracked by City

“little a”

Naturally occurring through market forces. Affordable for a variety of reasons (age, condition, location, size of unit, size of lot, etc.)



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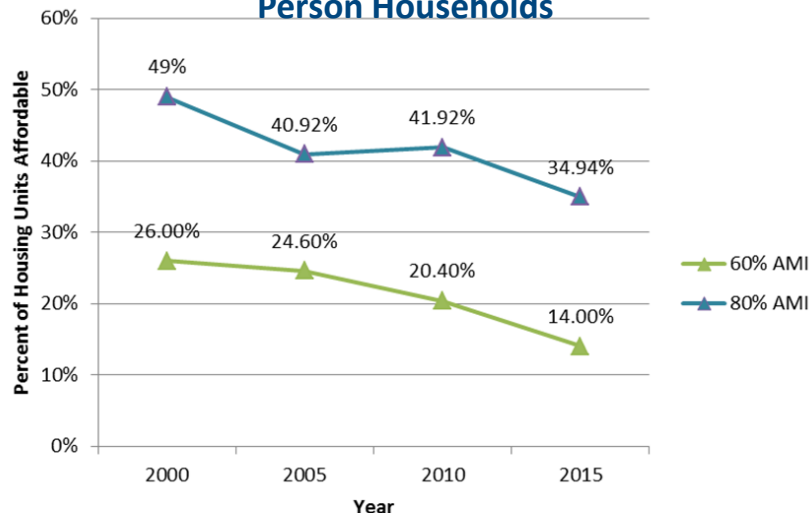
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Declining availability of housing that is affordable

Housing is considered “affordable” when expenses amount to less than 30 percent of a household’s income

Percent of Housing Stock Affordable to 3-Person Households



Source: City-County Planning, American Community Survey



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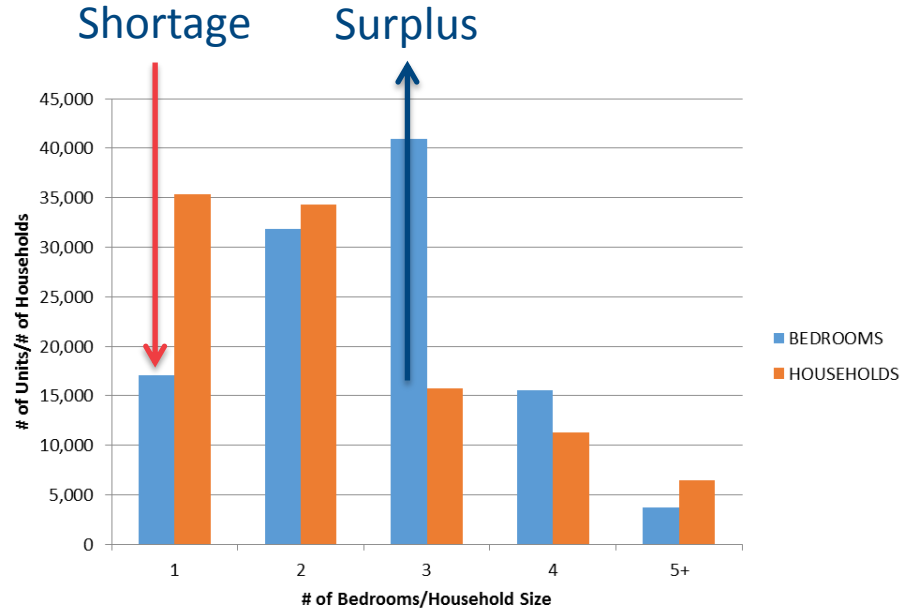
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Trends point toward a mismatch in housing supply and demand

- Aging population
- Millennials' preferences
- Households are shrinking
- More are living with less



Data provided by TJ COG



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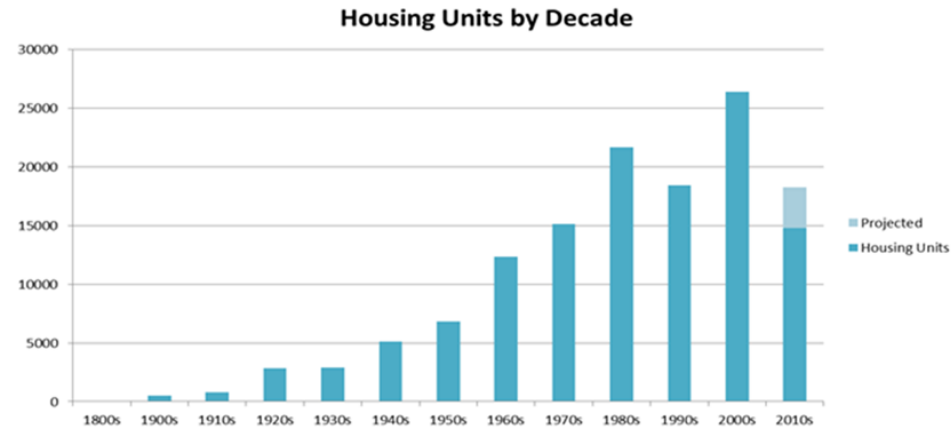
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What's causing the shortage?

1. Housing development is not keeping pace with population growth



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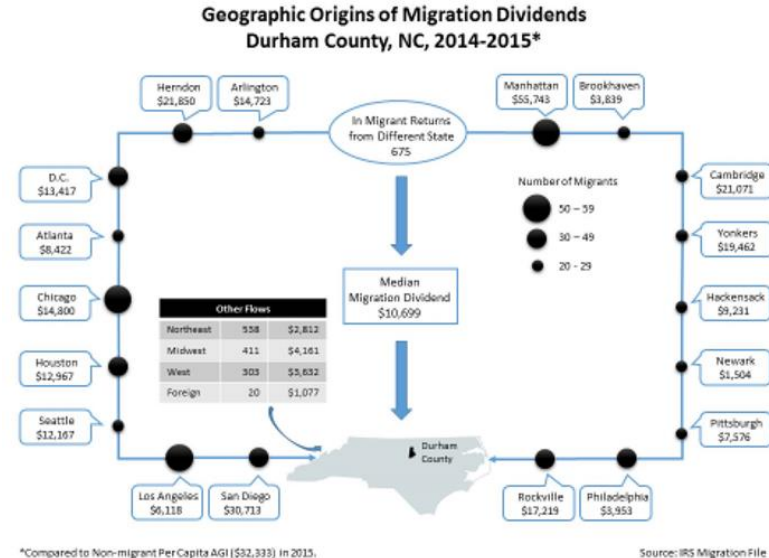
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What's causing the shortage?

1. Housing development is not keeping pace with population growth
2. **Attracting populations from wealthy zip codes**



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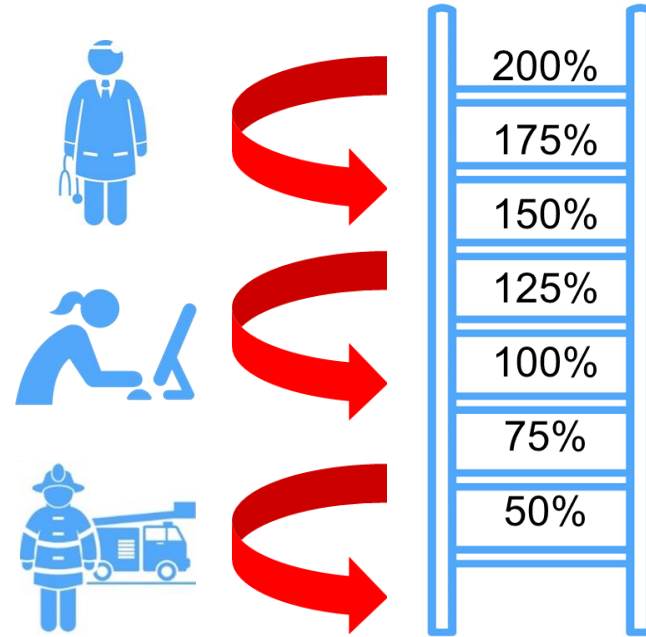
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Data and graphic Dr. Jim Johnson, UNC

People at the bottom of the income ladder have the fewest options

If housing doesn't exist at higher price points, people will buy "down the ladder," leaving fewer options for those with the lowest incomes.



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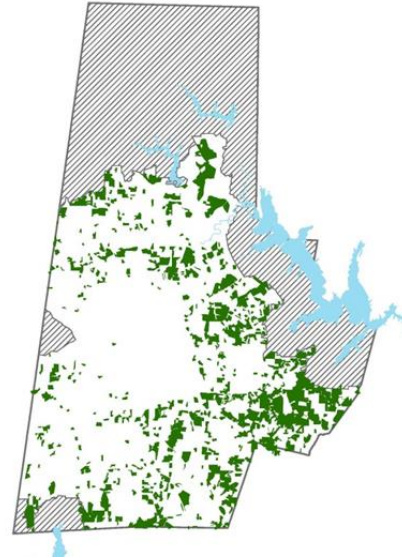
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What's causing the shortage?

1. Housing development is not keeping pace with population growth
2. Attracting populations from wealthy zip codes
3. **Running out of easily developable land**



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What's causing the shortage?

1. Housing development is not keeping pace with population growth
2. Attracting populations from wealthy zip codes
3. Running out of easily developable land
4. **Zoning limitations**



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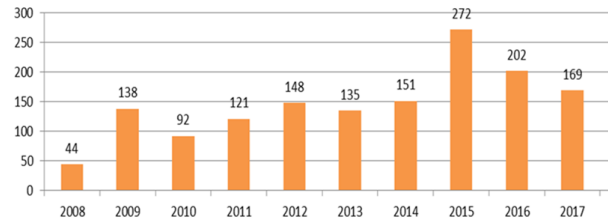
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If there is a shortage, why does it feel like there is a building boom?



Major Renovations >\$50,000



- Larger, higher profile developments
- Redevelopment in existing neighborhoods
- Development has slowed at the edges



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More growth is on the way

- NC Office of State Budget and Management projects 160,000 new people by 2045
- Equivalent to 62,200 new households during that same time period
- Approximately 2,000 units a year to keep up with population growth



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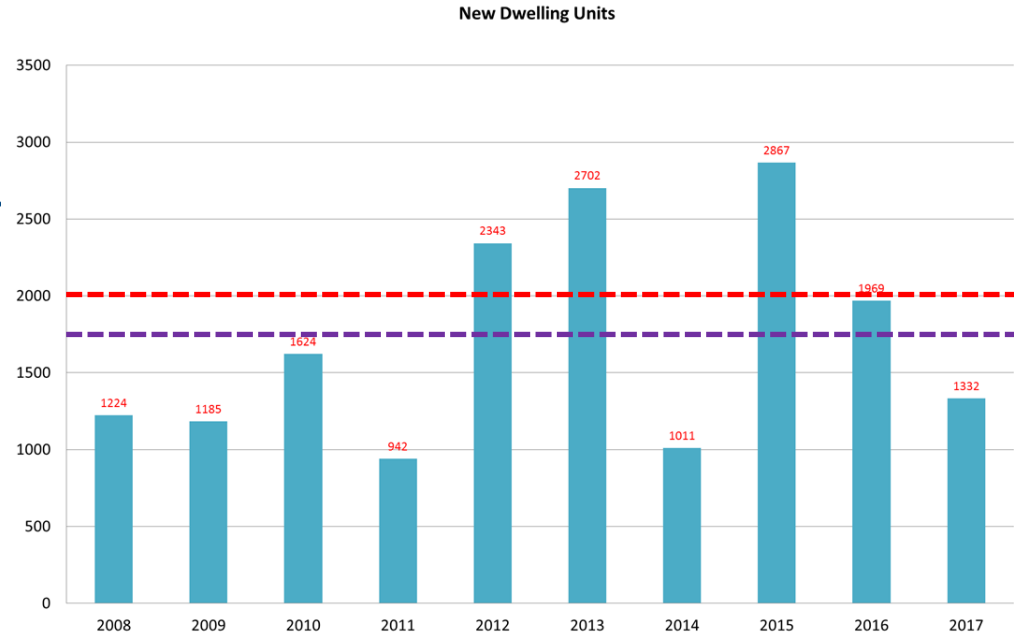
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An average of
1,720 housing
units have been
built annually over
the last 10 years

----- New housing
units needed to
keep pace with
growth

----- Average number
of new housing
units over past
decade



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How will we accommodate new growth?

- A. Grow Out?
- B. Grow Up?
- C. Grow In?



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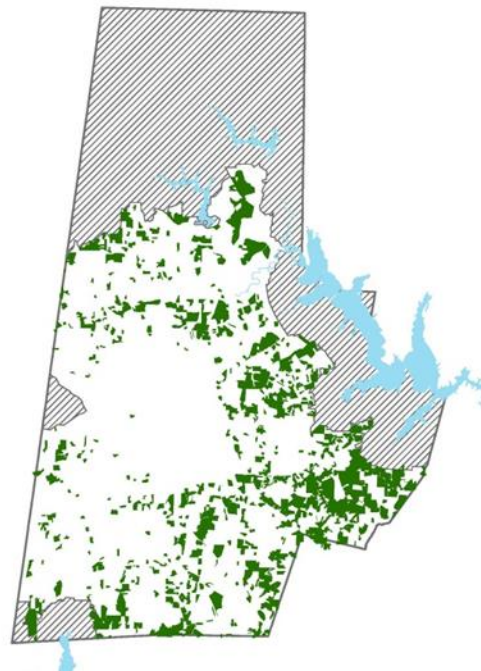
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Grow Out?

Limited amount of large tract vacant land remaining in the City's utility service area.



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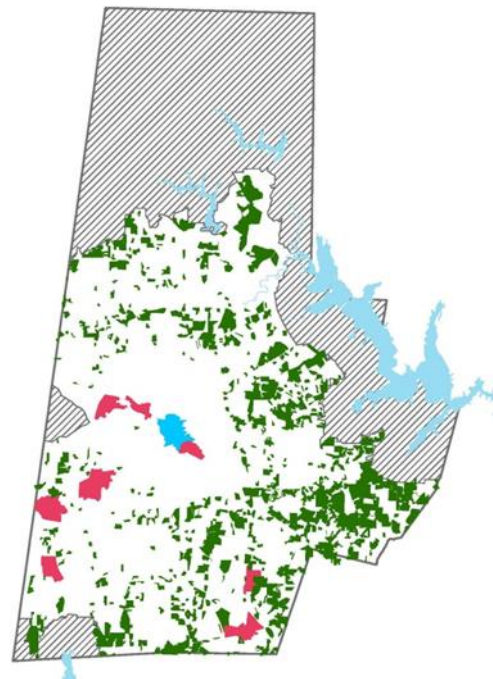
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Grow Up?

Compact Neighborhoods and
Downtown are expected to attract
significant new development



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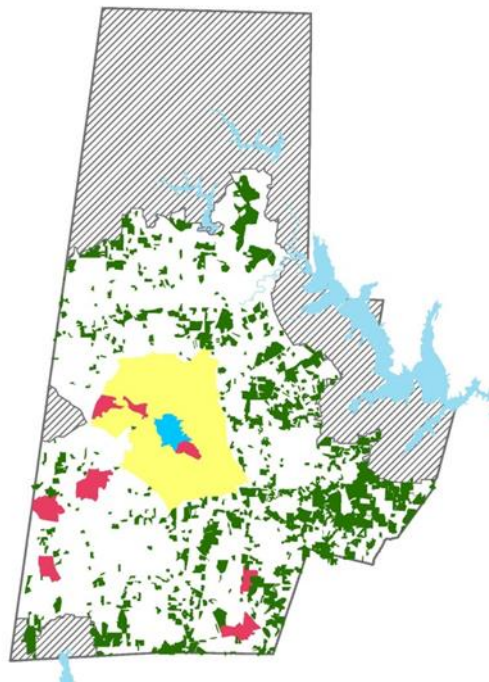
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Grow In?

Context sensitive, small scale development within the core of the City



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How will we accommodate new growth?

- A. Grow Out?
- B. Grow Up?
- C. Grow In?
- D. All of the above



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The Challenge

What do we do when “development” feels like the *solution* at the regional scale (housing shortage) but the *problem* at the neighborhood scale (gentrification)?



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At the neighborhood scale ...

- Recent experience is that “development” has led to fewer affordable options
 - Felt more acutely in some neighborhoods and by some populations
 - Rising rents
 - Escalating property values
 - Accelerating evictions



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At the neighborhood scale ...

- Infill and redevelopment feels out of scale and character, causing neighbors to:
 - Oppose developments
 - Seek Neighborhood Protection Overlays
 - Seek Local Historic District designations



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Finding a middle ground

- Build *more* to address housing shortage ... but build *differently* to promote housing choices in character with neighborhoods
- “Missing Middle housing offers a range of multi-unit housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living” ***Opticos Planning***



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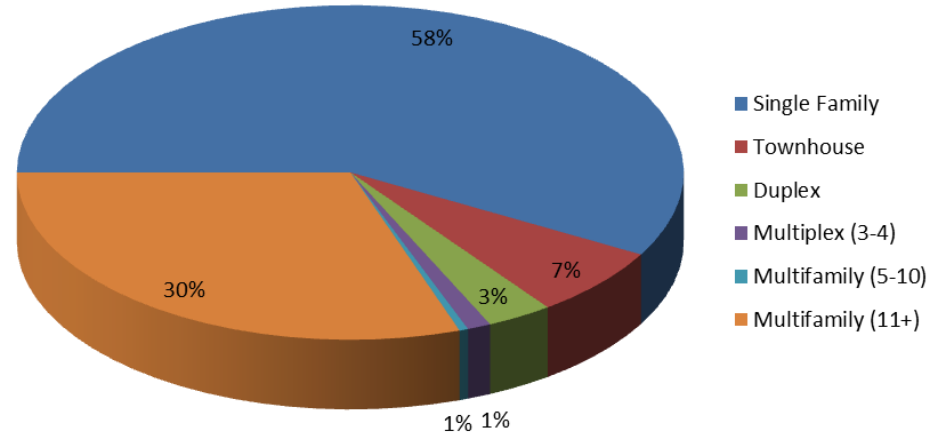


MissingMiddleHousing.com is powered by Opticos Design.
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Current zoning rules perpetuate status quo

Countywide, less than 12 percent of existing housing units are “Missing Middle” types



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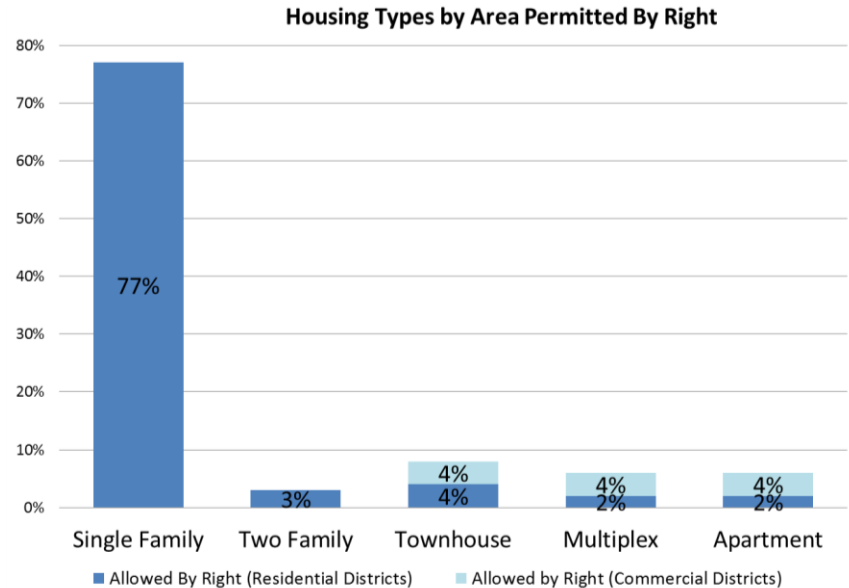
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Source: City County Planning

Current zoning rules perpetuate status quo

- Single family housing is permitted “by right” in 77 percent of the County
- “Missing Middle” Housing types are permitted “by right” in only 8 percent (or less) of the County



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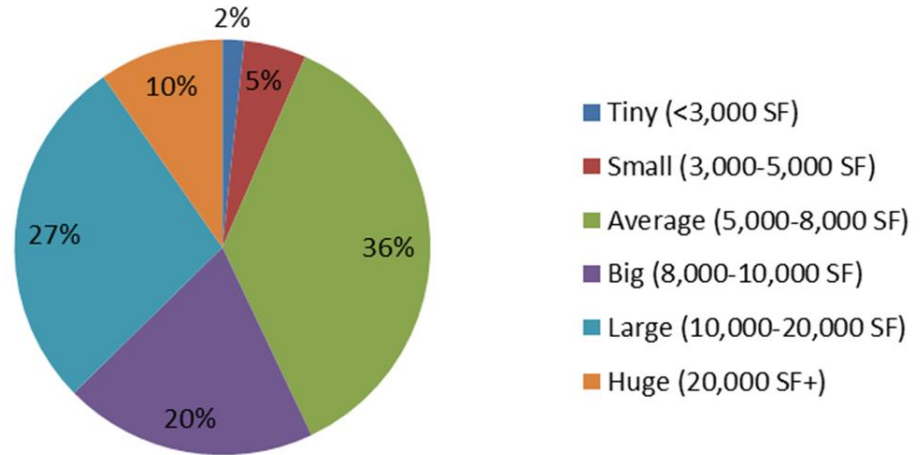
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Current zoning rules perpetuate status quo

Large lots sizes promote a
low density urban character



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Expanding Housing Choices Project

Encourage a wider range of housing choices by removing regulatory impediments.

- Introduce Missing Middle housing types in strategic locations
- Review lot sizes and dimensional standards
- Promote Accessory Dwelling Units (ADUs)
- Offer greater regulatory flexibility for “Big A” affordable housing
- Highlight additional development standards (outside the purview of Planning) that are obstacles to a wider range of housing choice



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What's happened already

- Eliminated parking minimums for “Big A” affordable units in the Compact and Urban Tiers
- Allow Accessory Dwelling Units (ADUs) by-right for single family
- Eliminated minimum parking requirement for ADUs
- Updated the Affordable Housing Bonus program
 - Allow 100 percent affordable projects to qualify
 - Allows smaller projects (<15 units) to qualify
 - Introduced Interim Bonus in Compact Neighborhoods



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Issues and Cautions

- “Big A” is not guaranteed outcome
- Increasing supply is a “long-game” strategy
- The tradeoffs are not insignificant
 - Tree canopy/open space
 - Impervious surface/stormwater
 - Neighborhood/historic character
 - Incentivize teardowns?



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Anticipated Workflow

- Compile comprehensive list of regulatory impediments
- Evaluate impact of concepts; develop a short-list of priorities
- Public input – surveys and pop-up workshops
- Draft text amendments
- Public workshop
- Adoption process



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